

Message Text

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STADIS/////////////////////////////////
FOR DAS BARRACLOUGH

E.O. 11652: N/A

TAGS: EPAP, SW

SUBJECT: TEXTILE TARIFF OFFER CHANGES

1. WE UNDERSTAND FROM MURPHY (STR) THAT NET RESULT OF ALL CHANGES IN TEXTILE AND APPAREL TARIFF OFFER IS 1.44 POINT REDUCTION IN OVERALL INDUSTRIAL TARIFF OFFER. OF THIS, 1.0 POINT ATTRIBUTABLE TO APPAREL AND 0.44 POINT TO TEXTILES. THIS ANALYSIS BASED ON 35 MILLION DOLLAR CHANGE IN DUTIES COLLECTED BEING EQUAL TO 1 POINT CHANGE IN OFFER.

2. WITHIN APPAREL SECTOR, ON MFN BASIS, WOMEN'S APPAREL DEPTH OF CUT IS REDUCED FROM 25.4 PERCENT TO 18.5 PERCENT, ON 1.48 BILLION DOLLARS TRADE. CHANGE REPRESENTS 30.4 MILLION DOLLARS IN DUTIES COLLECTIBLE. MEN'S APPAREL DEPTH OF CUT, ON MFN BASIS, IS REDUCED FROM 14.1 PERCENT TO LIMITED OFFICIAL USE

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12.5 PERCENT, ON TRADE OF 1.17 BILLION DOLLARS. CHANGE REPRESENTS 5.4 MILLION DOLLARS IN DUTIES COLLECTIBLE.

3. APPAREL CHANGES PROPOSED BY STR REPRESENT BOTH RATIONALIZATION OF RATES ALONG PRODUCT LINES, I.E., ELIMINATION OF ORNAMENTAL, NON-ORNAMENTAL DISTINCTIONS TO EXTENT POSSIBLE, AND WITHDRAWALS MADE TO COMPLY WITH AMB.

STRAUSS' ORDER TO STAFF TO WORK WITH AMALGAMATED UNION.

BECAUSE WOMEN'S WEAR WAS SUBJECT TO GREATER DEPTH OF CUT THAN MENS, STAFF FELT IT NECESSARY TO SEEK GREATER WITHDRAWALS IN WOMENS BUT ALSO TO PROVIDE SOME REDUCTION IN MEN'S WEAR OFFER.

4. WITH RESPECT TO FABRICS, STR IS PROPOSING 50 PERCENT OF FORMULA CUT FOR MAN-MADE FIBER WOVEN FABRICS (206 MILLION IN TRADE; PREVIOUSLY 70 PERCENT OF FORMULA CUT), AND FOR SPECIALTY FABRICS (KNITS, VELVETEENS, CORDUOYS; PREVIOUSLY FULL FORMULA) AND FOR TOWELS, BEDDING AND MOST CARPETS (PREVIOUSLY FULL FORMULA CUT). MMF WOVEN FABRICS CHANGE ACCOUNTS FOR 6 MILLION DOLLARS DUTIES COLLECTIBLE, CHANGE FOR ALL SPECIALTY FABRICS ACCOUNTS FOR ANOTHER 6 MILLION, AND TOWELS, BEDDING AND CARPETS ACCOUNT FOR 1 TO 1.5 MILLION EACH. TPSC SUB-GROUP RECOMMENDED FULL FORMULA CUT FOR ALL OF THESE FABRIC PRODUCTS; 70 PERCENT CUT FOR MMF WOVEN FABRIC WAS POLITICAL DEAL. STR JUSTIFIES REDUCTION OF CUT TO 50 PERCENT ON GROUNDS THAT INDUSTRY IS STRONGLY OBJECTING TO DIFFERENCE BETWEEN COTTON WOVEN FABRIC (50 PERCENT OF FORMULA) AND MMF WOVEN FABRIC. ATMI IS PRINCIPAL PARTY OBJECTING TO DIFFERENTIAL.

5. ONLY COUNTRY ANALYSIS AVAILABLE SO FAR IS FOR EC. DEPTH OF CUT FOR EC APPAREL AS WHOLE IS REDUCED FROM 35 TO LIMITED OFFICIAL USE

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34 PERCENT. CHANGE IS WOMEN'S WEAR AND ACCOUNTS FOR 1.5 MILLION IN DUTIES COLLECTIBLE. ROUGH ESTIMATE BY STR IS THAT OFFERS TO BOTH EC AND JAPAN WOULD BE REDUCED BY 1 POINT BY CHANGES IN FABRICS. EFFECTS ON JAPAN AND OTHER COUNTRIES HAVE NOT BEEN ANALYZED. FABRIC WITHDRAWALS CLEARLY AFFECT JAPAN APPRECIABLY. OVERALL WITHDRAWALS WILL ADVERSELY AFFECT OFFER TO LDC'S MORE THAN EC AND JAPAN. ALTHOUGH KOREA, TAIWAN, AND HONG KONG ARE PRINCIPAL SHIPPERS OF APPAREL, WITHDRAWALS WILL ADVERSELY AFFECT THE APPEARANCE OF OUR OFFERS TO A NUMBER OF OTHER LDC'S WHOSE INDUSTRIAL EXPORTS ARE IN LARGE PART APPAREL, E.G., HAITI. VANCE

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